

**MEDICAL BOARD OF CALIFORNIA  
DEPARTMENT OF CONSUMER AFFAIRS**

**INITIAL STATEMENT OF REASONS**

Hearing Date: April 25, 2003

Subject Matter of Proposed Regulations: California Physician Corp Loan Repayment Program

Section(s) Affected: Proposed Adoption of Article 3.1 (Section 1313.01 to 1313.06) in Chapter 1 of Division 13 of Title 16, CCR

Specific Purpose of each adoption, amendment, or repeal:

**1313.01** - This section sets forth the definitions to be used in implementing the loan repayment program.

**1313.02** - Per B&P Code Section 2154.3, this section sets for the guidelines to be used in selecting the awardees of the loan repayment. One point shall be given for each of the minimum qualifications which an applicant meets (B&P Code Section 2154.3(b)(1)) and additional points may be granted for criteria which the Division of Licensing has determined to be standards of eligibility (B&P Code Section 2154.3(h)).

However, the number of points that an applicant receives shall not be the determinative factor in selecting physicians to participate in the program. The Division shall consider providing priority consideration to applicants who, in its sole discretion, are best suited to meet the cultural and linguistic needs and demands of patients from medically underserved populations dispersed throughout California.

**1313.03** - This section sets forth the application and application process.

1313.03 (a) - sets forth the information which shall be provided by the applicants to the Medical Board so that they may be considered for the loan repayment. This information shall be on a form prescribed by the Division of Licensing.

1313.03 (b) - states that application periods will be opened according to available funding and number of positions available. The application period shall be, at a minimum, 30 days after openings are announced on the Medical Board's Web site. Notwithstanding the provisions of the Permit Reform Action (Section 1313.04 (a), below), an application that is either not complete or not received by the final filing date shall not be considered but shall be returned to the applicant.

1313.03 (c) - states that the program participants shall sign a contract with the Division of Licensing committing to all terms of the program. This subparagraph also spells out the conditions under which the loan repayment will be reduced proportionately due to time spent away from qualifying practice during that contract year.

1313.03 (d) - states that if the program participant's outstanding loan balance is less than the \$105,000 maximum allowed under the program, then the loan repayment will be made at the rate of 24%, 33%, and 43%, respectively, over the three years of the contract. This percentage break-down is the same as if the full \$105,000 was being repaid.

**1313.04** - This section sets forth the time line, as required by the Permit Reform Act, by which the Division of Licensing must inform the applicant if the application is complete or deficient and the must inform the applicant of the final decision on the application.

**1313.05** - This section establishes the process and penalties when a program participant is unable to complete the contractual obligations, including various time frames for notification by either the program participant or the Division of Licensing.

1313.05 (a) - sets forth the conditions under which, and the respective time frame by which, a program participant must notify the Division of Licensing of an inability to complete the contractual obligations.

1313.05 (b) - sets forth the repayment obligations of a program participant who is not able to complete the contractual obligations and the notification requirements by the Division of Licensing.

1313.05 (c) - sets forth the process by which, and the conditions under which, the program participant may petition for modification of the repayment amount and the time frame in which that must be done.

1313.05 (d) - sets forth, pursuant to the Permit Reform Act, the time frame in which the Division of Licensing must notify the petitioner of its decision on the petition.

1313.05 (e) - establishes the consequences of a program participant who does not repay the obligations within the set time frame.

**1313.06** - This section creates the process under which a program participant who has left the program can reinstated into the program.

1313.06 (a) - sets forth the process by which, and the conditions under which, the program participant may petition for reinstatement into the program.

1313.06 (b) - sets forth, pursuant to the Permit Reform Act, the time frame in which the Division of Licensing must notify the petitioner of its decision on the petition. The decision by the Division of Licensing shall be based upon, in its sole discretion, available funds and the cultural and linguistic needs, and demands of the underserved populations, and the petitioner's ability to comply with the terms of the program.

## Factual Basis

Existing law (AB 982, Chap. 1131, Statutes of 2002), among other things, creates the California Physician Corps Loan Repayment Program. This new program encourages recently licensed physicians who are linguistically and culturally competent to practice in underserved locations in California by authorizing a plan for repayment of up to \$105,000 of their educational loans in exchange for their service in designated medically underserved areas for a minimum of three years. The Medical Board of California will make available \$3 million to fund the program. The Division of Licensing of the Medical Board of California is responsible for implementing this program.

The enabling legislation and the program that it spawned recognizes the necessity of improving conditions which lead to healthcare disparities in the state, including those arising from cultural and linguistic barriers. At the same time, there is an acknowledged difficulty for many culturally or linguistically competent physicians to practice in underserved areas because of the heavy debt load that they carry from acquiring a medical education. Therefore, the loan repayment program seeks to match qualified physicians with clinics in need of their medical services and their understanding of the language and culture of populations served by that clinic.

In discussions with interested parties, we estimate that prompt implementation of these regulations will expedite the launch of a program which will lead to almost 35,000 annual encounters between physicians and medically underserved persons who otherwise would not have access to a culturally and linguistically competent physician.

**Justification of Numbers:** Under this program, full funding of each award (maximum of \$105,000 per awardee) would allow for up to 28 physicians to participate in the program. We acknowledge that some of the participants already have the intent of working in medically underserved areas; however, we believe that at least 3/4s of the program's participants (21 physicians) will commit to this service in order to avail themselves of the loan repayment program. Based on information provided by the California Primary Care Association (per the 2000 Uniform Data System), physicians in community health care centers provide an average of 1617 physician/patient encounters annually. This equals almost 35,000 annual encounters between physicians and medically underserved persons who otherwise would not have access to a culturally and linguistically competent physician.

Section 2154.7 (c) allows the Division of Licensing to promulgate emergency regulations to implement this program.

According to the 2000 Census and its Supplementary Survey, communities of color represent a majority, 53 percent, of the state's population. In addition, almost 40 percent of Californians speak a language other than English at home.

The Institute of Medicine Report has issued a document entitled "Unequal Treatment," culturally and linguistically appropriate services are critical to improving the health care of diverse populations and to eliminate health disparities. For example, the provision of language assistance services results in improved quality of health care, increased access to health services, reduced medical errors, and greater provider-patient trust and satisfaction for limited-English proficient populations.

The Department of Health and Human Services Office of Minority Health published standards for culturally and linguistically appropriate services (CLAS) on December 22, 2000. These CLAS standards outlined requirements, guidelines and recommendations on how health care organizations can make their practices more culturally and linguistically accessible, with the ultimate goal of eliminating racial and ethnic health disparities.

According to the Bureau of Health Professions, the cost of receiving medical education and training results in many new physicians being unable to afford to work in underserved communities, including those that face cultural and linguistic barriers to care, because of the need to repay student loans.

According to the Center for California Health Workforce Studies, despite some existing programs to repay student loans for physicians who commit to work in underserved areas, there are still inadequate numbers of physicians that are culturally or linguistically competent to serve these areas.

It is in the interest of the state and its residents that medical and dental services be provided throughout California in a manner that can be effectively accessed by the residents of all communities.

#### Underlying Data

2000 Census and its Supplementary Survey

The Institute of Medicine Report document "Unequal Treatment"

The Department of Health and Human Services Office of Minority Health standards for culturally and linguistically appropriate services (CLAS), December 22, 2000

The Bureau of Health Professions

The Center for California Health Workforce Studies

California Primary Care Association, 2002 Uniform Data System

#### Business Impact

This regulation will not have a significant adverse economic impact on businesses.

#### Specific Technologies or Equipment

This regulation does not mandate the use of specific technologies or equipment.

### Consideration of Alternatives

The Medical Board of California must adopt regulations to implement the California Physician Corps Loan Repayment Program. In numerous discussions with interested parties, no reasonable alternative which was considered or that has otherwise been identified and brought to the attention of the board/bureau/commission/program would be either more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed regulation.

Set forth below are the alternatives which were considered and the reasons each alternative was rejected:

The only other alternative to this proposal is not to adopt this Chapter. However, this is not a reasonable nor feasible alternative, considering the benefits offered and gained by providing culturally and linguistically competent physicians to the medically underserved populations in California.